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SIPDIS

FOR NEA/EX AND A/LM/OPS/TTM

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SUBJECT: ROYAL JORDANIAN AIRLINES CODE SHARE WITH AMERICA WEST

REF: 04 AMMAN 6457

1. Summary: Royal Jordanian Airlines (RJ) finalized a code share agreement with America West Airlines (HP) in the fall of 2004 (reftel). The code share enables USG employees to fly non-stop from Jordan to the U.S. in compliance with the Fly America Act. Unfortunately, implementation of the code share has been troublesome and Embassy Amman currently must follow up multiple times throughout the reservations and ticketing process in order to make the code share work. The two airlines have a long way to go before this will become a reliable and cost-effective flight option for USG travelers. End summary.

2. Embassy Amman's travel section has been experimenting with Royal Jordanian Airlines' code share with America West Airlines since the inception of the agreement in the fall of 2004. The code share is an attractive option for USG travelers because it allows for non-stop flights between Amman, Jordan and destinations in the U.S. including NY/JFK and Chicago/O'Hare. The RJ departure and arrival times are also more convenient than those of their competitors; RJ flights to and from the U.S. are scheduled during the day, as opposed to European airline code share flights (Delta/Air France, United/Lufthansa, Northwest/KLM), which are scheduled in the middle of the night to allow for onward travel from Europe to the U.S. in the early morning. Embassy Baghdad's Iraq Support Unit (ISU) located at Embassy Amman also finds the code share useful since it allows Iraqi citizen travelers (both Embassy employees and travelers sponsored on various USG programs) to reach the U.S. without a European transit visa.

3. Unfortunately, Embassy Amman has not had very good luck with tickets issued on the RJ/HP code share. Travelers have arrived at the airport in Amman with HP code share tickets in hand only to find that their reservations don't exist in the RJ system. More than once the Embassy has called RJ to check on reservations and has been told by RJ agents to call the HP representative in Amman (even though RJ is/is the HP representative in Amman.) Moreover, RJ has a frustrating policy of canceling any reservation that has not been ticketed within a certain time limit (unlike European airlines, which allow the Embassy travel agent to hold reservations up until the last minute without any penalty). HP also needs to publish more fare options suitable to the budgets of USG agencies at post, and should match its published fares to those of RJ. An additional issue is that America West, which is based in Phoenix, Arizona, does not have a network of connecting flights on the East Coast. Thus RJ/HP code share tickets require the purchase of onward flight connections to Washington, DC and other locations on a third carrier, which can inflate the ticket price. Finally, because RJ business class is more spacious than typical European carriers, it is also much more expensive. (Note: Amman - Washington travel exceeds 14 hours; Washington - Amman travel does not.) Unless RJ can reconfigure its cabin to allow for a cheaper business class option, business class tickets will cost twice the price on RJ/HP compared to European airlines that have code shares with American flag carriers. Few agencies at post can afford the current business class fare on RJ/HP.

4. Royal Jordanian officials have repeatedly expressed their desire to capture a significant portion of official USG travel to and from Iraq via Amman, and have stated their willingness to address some of the problems outlined above. Emboff has met with RJ officials several times over the last month and also participated last week in an RJ meeting with a visiting America West official to describe what it would take to win over our business. RJ and HP both promised to solve problems with the reservations system; RJ promised to provide training to its staff so they are familiar with the code share and capable of addressing problems; senior RJ officials said they

are willing to field phone calls at any time if and when their intervention is required; HP promised to publish more fare options that are compatible with RJ fares; and HP reported that it will negotiate reasonable fares on connecting flights to Washington, DC and other destinations on United Airlines so that tickets for Amman-Washington travel can be purchased as a "through-fare." However, RJ officials claimed that the ticket time limit is a tool the airline must use in this region in order to confirm seating and stated that it cannot make exceptions for the Embassy. This fact alone will complicate the purchase of RJ/HP code share tickets. Moreover, RJ officials said that RJ business class service in its current configuration (full length sleeper class seating) is its most profitable class of service. Reconfiguration to allow for direct competition with the more economical European airlines' business class is unlikely.

15. Comment: Embassy Amman will continue to experiment with the RJ/HP code share to see if service and functionality improve over the next few months. If experience holds true and we continue to see that we must trouble shoot each and every RJ seat with numerous follow-up calls, the RJ/HP code share will likely be viewed as a fall-back option, but one that may be too cumbersome and unreliable for routine use. The high cost of business class seats on RJ/HP also limits the extent to which agencies at post can afford to use this class of service when it is allowable, since business class seats on other airlines are half the price.

HALE